

Property Tax Replacement Supplemental Appropriation Senate File 202

Last Action:

Senate Floor

February 26, 2003

AN ACT relating to state financial obligations by making supplemental appropriations for property tax replacement claims and elderly and disabled tax credit reimbursement, providing for the application of debt service proceeds from tobacco settlement authority bonds, providing for related matters, and including an effective date.



LEGISLATIVE FISCAL BUREAU

NOTES ON BILLS AND AMENDMENTS (NOBA)

**EXECUTIVE SUMMARY
NOTES ON BILLS AND AMENDMENTS**

**SENATE FILE 202
PROPERTY TAX REPLACEMENT
SUPPLEMENTAL APPROPRIATION**

**FY 2003 SUPPLEMENTAL
APPROPRIATIONS**

**SIGNIFICANT CHANGES TO THE
CODE OF IOWA
EFFECTIVE DATE**

- Appropriates \$532,000 to the Department of Revenue and Finance to fully fund the FY 2003 reimbursement to counties for industrial machinery, equipment, and computers property tax replacement claims. (Page 1, Line 1)
- Appropriates \$355,000 to restore the reduction made during the Second Special Session in 2002 to the Elderly and Disabled Tax Credit reimbursement. Excess funding is to be carried forward to FY 2004 and proportionately distributed to these same taxpayers. (Page 1, Line 18)
- Repeals Section 427B.19B, Code of Iowa, relating to the revaluation of industrial machinery, equipment, and computers to offset a shortfall in these State reimbursements. (Page 3, Line 9)
- This Bill is effective upon enactment. (Page 3, Line 10)

Senate File 202

Senate File 202 provides for the following changes to the Code of Iowa.

Page #	Line #	Bill Section	Action	Code Section	Description
1	1	1	Amends	Sec. 175.13, Chapter 1171, 2002 Iowa Acts	Supplemental Appropriation
1	13	3	Voids	Sec. 427B.19B	Elimination of Revaluation of Machinery and Equipment
2	19	4.b	Nwthstnd	Sec. 8.33 & 425.39	Nonreversion of Funds
2	23	5	Amends	Sec. 12E.12(8)	Use of Bond Proceeds
3	9	6	Repeals	Sec. 427B.19B	Machinery and Equipment Revaluation

1 1 Section 1. PROPERTY TAX REPLACEMENT CLAIMS. 2002 Iowa
 1 2 Acts, chapter 1171, section 175, subsection 13, is amended to
 1 3 read as follows:

1 4 13. For industrial machinery, equipment, and computers
 1 5 property tax replacement claims under section 427B.19A:

1 6 \$ ~~20,990,800~~

1 7 21,522,792

General Fund FY 2003 supplemental appropriation to reimburse counties for industrial machinery, equipment, and computers property tax replacement claims.

DETAIL: This is an increase of \$531,992 to fully fund the reimbursement.

1 8 Sec. 2. PAYMENT OF CLAIMS. The increase in the funds
 1 9 available as a result of section 1 of this Act shall be used
 1 10 by the department of revenue and finance to pay industrial
 1 11 machinery, equipment, and computers property tax replacement
 1 12 claims for the fiscal year beginning July 1, 2002.

Requires the Department of Revenue and Finance to use these funds to pay the industrial machinery, equipment, and computers property tax replacement claims for FY 2003.

1 13 Sec. 3. GUARANTEE OF REPLACEMENT FUNDS. The revaluation
 1 14 of all industrial machinery, equipment, and computers
 1 15 authorized in section 427B.19B is void and taxes payable in
 1 16 the fiscal year beginning July 1, 2003, shall not be levied on
 1 17 the amount of such revaluation.

CODE: Beginning in FY 2004, county assessors are no longer permitted to revalue industrial machinery, equipment, and computers to recover from local taxpayers a shortfall in State reimbursements.

1 18 Sec. 4. ELDERLY AND DISABLED TAX CREDIT.

1 19 1. There is appropriated from the general fund of the
 1 20 state to the department of revenue and finance for the fiscal
 1 21 year beginning July 1, 2002, and ending June 30, 2003, the
 1 22 following amount for the purpose designated:

1 23 For reimbursing counties for granting elderly and disabled
 1 24 tax credits as provided in subsection 2:

1 25 \$ 355,349

General Fund FY 2003 supplemental appropriation to the Department of Revenue and Finance for the Elderly and Disabled Tax Credit reimbursements.

DETAIL: This restores the reduction made during the Second Special Session in 2002 to the Elderly and Disabled Tax Credit reimbursement.

1 26 2. a. The appropriation made in subsection 1 shall be
 1 27 used to reimburse those counties, to the extent the
 1 28 appropriation made in section 425.39, as limited by 2002 Iowa
 1 29 Acts, chapter 1171, section 176, as amended by 2002 Iowa Acts,
 1 30 Second Extraordinary Session, chapter 1003, section 182, is

Requires the appropriation be used to reimburse counties in FY 2003 to the extent that earlier appropriations were insufficient to reimburse taxpayers.

1 31 insufficient, that granted to taxpayers the elderly and
1 32 disabled tax credit pursuant to section 425.23 for taxes
1 33 payable in the fiscal year beginning July 1, 2002.

1 34 b. If the amount appropriated is in excess of that needed
1 35 to reimburse all credits granted, the department shall
2 1 determine an additional reimbursement percentage by dividing
2 2 the amount of the excess funds available by the total
2 3 statewide claims. Each county shall grant a carryover elderly
2 4 and disabled tax credit equal to the additional reimbursement
2 5 percentage. The carryover elderly and disabled tax credit
2 6 shall apply against taxes due and payable in the fiscal year
2 7 beginning July 1, 2003, to each property that was granted the
2 8 elderly and disabled tax credit for taxes due and payable in
2 9 the fiscal year beginning July 1, 2002. The carryover credit
2 10 shall be granted whether the property or taxpayer continues to
2 11 qualify for the elderly and disabled tax credit and shall not
2 12 be used in computing the regular elderly and disabled tax
2 13 credit for taxes due and payable in the fiscal year beginning
2 14 July 1, 2003. A county granting the carryover tax credit
2 15 shall be reimbursed for the amount of the credit from the
2 16 appropriation made in subsection 1. Payments made pursuant to
2 17 this paragraph "b" shall be made one-half on November 15,
2 18 2003, and one-half on March 15, 2004.

Requires counties to carry forward to FY 2004 the funding from this appropriation in excess of that needed to reimburse qualified elderly and disabled taxpayers and to proportionately distribute those amounts as additional tax credits to taxpayers who qualified for the Elderly and Disabled Tax Credit in FY 2003. The additional credits are to be distributed across both FY 2004 tax payments.

2 19 Notwithstanding sections 8.33 and 425.39, any funds
2 20 remaining from the appropriation made in subsection 1 shall
2 21 not revert but shall be available for use as provided in this
2 22 subsection for the succeeding fiscal year.

CODE: Allows for nonreversion of funds.

2 23 Sec. 5. Section 12E.12, subsection 8, Code 2003, is
2 24 amended to read as follows:
2 25 8. With respect to the payment of certain debt service,
2 26 the debt service to be paid shall be those installments of
2 27 debt service on bonds selected by the treasurer of state and

CODE: Allows the use of bond proceeds received from the refunding of bonds for infrastructure-related expenditures.

DETAIL: Allows the University of Northern Iowa to use approximately \$1,400,000 of bond proceeds, generated from the refunding of existing academic revenue bonds, for infrastructure-related

2 28 identified in the authority's tax certificate delivered at the
 2 29 time of the issuance of the bonds issued pursuant to this
 2 30 chapter, or as otherwise selected by the treasurer of state.
 2 31 Once the bonds and the installments of debt service thereon
 2 32 are so selected, that debt service and bonds shall not be
 2 33 paid, or provided to be paid, from any other source including
 2 34 the state or any of its departments or agencies. Provided,
 2 35 however, that if funds are not appropriated to pay debt
 3 1 service on such bonds when due, the issuing agency shall pay
 3 2 ~~such the~~ debt service from any available source as provided in
 3 3 the bond covenants ~~for such bonds~~. To the extent that this
 3 4 section does not allow proceeds of previously issued refunding
 3 5 bonds to be applied for the purpose of the refunding, the
 3 6 issuing agency may expend such proceeds to improve, remodel,
 3 7 or repair buildings or other infrastructure upon authorization
 3 8 of the issuing agency's authority.

expenditures.

3 9 Sec. 6. Section 427B.19B, Code 2003, is repealed.

CODE: Repeals statutory language relating to the revaluation of industrial machinery, equipment, and computers to offset a shortfall in State reimbursements to replace this property tax.

3 10 Sec. 7. EFFECTIVE DATE. This Act, being deemed of
 3 11 immediate importance, takes effect upon enactment.

This Bill is effective upon enactment.

3 12 EXPLANATION

3 13 During the 2002 Regular Session, the general assembly
 3 14 limited the amount the state would pay in FY 2002-2003 to
 3 15 local jurisdictions for their industrial machinery, equipment,
 3 16 and computers property tax replacement claims. This bill
 3 17 increases the amount of state payment. Present law authorizes
 3 18 the county to revalue the industrial machinery, equipment, and
 3 19 computers and levy taxes on the increased value to make up for
 3 20 insufficient funding by the state of their claims as a result
 3 21 of the general assembly's action to limit state payments for
 3 22 tax replacement claims. The bill voids this authorization to

3 23 revalue and levy taxes. In addition, this authorization is
3 24 repealed from the Code.
3 25 The bill makes an appropriation to reimburse counties for
3 26 granting the elderly and disabled tax credit for taxes payable
3 27 in FY 2002-2003. If the amount appropriated is in excess of
3 28 the amounts needed to reimburse all credits granted in the
3 29 2002 regular and special sessions, the excess is to be used to
3 30 reimburse counties for granting a carryover tax credit. This
3 31 carryover tax credit will be for taxes payable in FY 2003-2004
3 32 and is granted whether the property or the taxpayer continues
3 33 to qualify for the elderly and disabled tax credit.
3 34 The bill amends Code section 12E.12(8) to allow the issuing
3 35 agency of refunding bonds for tobacco settlement authority
4 1 bonds, which cannot be used for such refunding, to be used for
4 2 capital infrastructure improvements at the issuing agency.
4 3 The bill takes effect upon enactment.

4 4 LSB 2502SV 80

4 5 mg/cl/14

Unassigned Standing

General Fund

S.F. 202	Actual FY 2002	Estimated FY 2003	S-Senate Act. FY 2003	Estimated Net FY 2003	Bill Number	Page & Line Number
	(1)	(2)	(3)	(4)	(5)	(6)
Revenue and Finance, Dept. of						
Machinery/Equip. Tax Replace.	\$ 15,066,366	\$ 20,990,800	\$ 531,992	\$ 21,522,792	S.F. 202	PG 1 LN 1
Elderly & Disabled Tax Credit	15,944,334	15,796,897	355,349	16,152,246	S.F. 202	PG 1 LN 18
Total Revenue and Finance, Dept. of	\$ 31,010,700	\$ 36,787,697	\$ 887,341	\$ 37,675,038		
Total Unassigned Standing	\$ 31,010,700	\$ 36,787,697	\$ 887,341	\$ 37,675,038		